

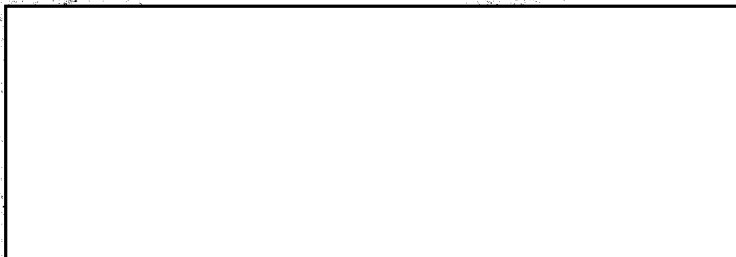
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NSC BRIEFING

6 October 1954

## SITUATION IN VIETNAM

- I. Elements favoring and opposing Diem government still approximately in balance.



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- B. Hinh, as chief of staff, holds threat of armed coup over Diem, although whole army's loyalty to Hinh uncertain.
- C. Vien is self-styled "general," leader of Binh Xuyen gangster organization which supplies large part of Bao Dai's income. General Xuan represents no one, like Hinh, he is French citizen and officer in French Army.

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STATE &amp; NSC reviews completed

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E. This group met with Diem  
(evening, 4 October), demanded  
virtual surrender government  
authority to themselves.

On preceding day, however, Bao Dai told  
Amb. Heath that he backed Diem, doubted  
Xuan's loyalty, and preferred that Dinh  
not be given cabinet post, but remain  
chief of staff.

A. Said conflict between these  
views and those in 1 October  
telegram due "drafting error."

B. Bao Dai made no reference to  
• Binh Xuyen; he may still count  
on this strong-arm outfit as  
instrument of his political  
strength.

French agreement in Washington to back  
Diem improves his prospects, provided  
French fulfill promise.

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- A. Ely's deputy, Daridan, is strongly anti-Diem: professes to believe US interested only in keeping Diem as powerless figurehead.
- B. Our embassy in Paris reports strong pressure on French government to appease Viet Minh.
- C. But Mendes-France on 3 October after reiterating French misgivings as to Diem's ability, told Secretary Dulles he would give premier "good try."

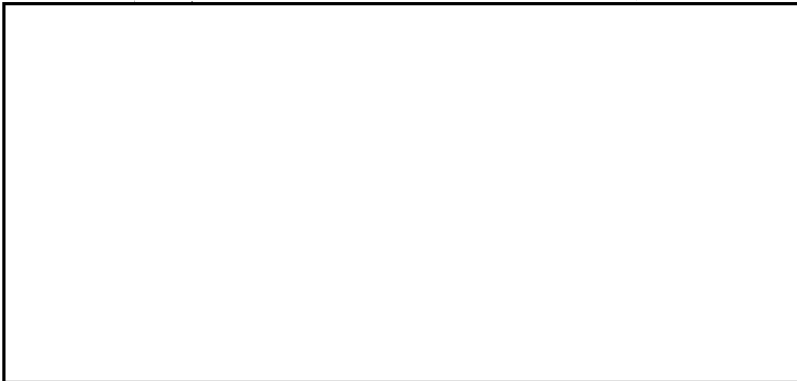
IV. Even if opponents simmer down, Diem still faces protracted fight.

- A. Can't count on loyalty politico-military groups.
- B. Must control army before stable government possible.

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- C. Must build political party.
- D. Representation of Cao Dai and Hoa Hao in government since 24 Sept. is help, but Diem needs other strength to balance such self-seeking groups.

V. While government in South unable gain feet, Viet Minh undertaking extensive army reorganization.



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- C. Aim is to develop modern army of greater fire power, capable of large-scale operations.
- D. Chinese aid, illegal under Geneva agreement, making build-up possible. 4

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E. Already, shipments since truce have resulted in 50 percent increase in artillery weapons, have included mortars, recoilless rifles for five infantry divisions. On 28 September, 155mm artillery reportedly moved by rail near border city of Lang Son.

F. Viet Minh, failing victory at polls in 1956, could employ forces for rapid military conquest.

VII. Another Viet Minh activity: establishment of "repentance camp," near Hanoi

A. This for purification of former civil servants and so-called intellectuals desiring Viet Minh's "pardon."

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- B. These bourgeoisie will examine their consciences, accuse themselves of past faults, prepare to become citizens of "new democracy."

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